

**UNITED STATES DEPARTMENT OF STATE
BUREAU OF POLITICAL-MILITARY AFFAIRS
WASHINGTON, D.C. 20520**

In the Matter of:

Rocky Mountain Instrument Company

A Colorado Corporation

AGREEMENT

WHEREAS, Section 38 of the Arms Export Control Act (“AECA”)(22 U.S.C. 2778), as amended, authorizes the President to control the export and import of defense articles and defense services, and that authority is implemented by the International Traffic in Arms Regulations (“ITAR”)(22 CFR Parts 120-130), as well as other relevant authorities in the AECA (22 U.S.C. 2751 et seq.), and by virtue of delegations of authority by the President and Secretary of State, these regulations are primarily administered by the Deputy Assistant Secretary of State for Defense Trade Controls, Bureau of Political-Military Affairs;

WHEREAS, the United States District Court for the District of Colorado imposed a judgment of “guilty” against Rocky Mountain Instrument Company (“RMI”) effective June 22, 2010, for the “Willful Export of Defense Articles Without a License”, in violation of AECA § 2778(b)(2) and ITAR §§ 127.1(a) and 127.3;

WHEREAS, pursuant to AECA § 38(g), the Department of State is prohibited from issuing licenses to persons convicted of violating the AECA;

WHEREAS, persons prohibited from obtaining a license from the Department by AECA § 38(g) are considered to be without “export privileges”;

WHEREAS, pursuant to ITAR § 127.7, it is the policy of the Department to debar persons convicted of violation of the AECA from participating directly or indirectly in any transactions that are subject to the ITAR;

WHEREAS, persons subject to the Department policy of ITAR § 127.7 are considered to be subject to “statutory debarment”;

WHEREAS, by *Federal Register* notice of September 8, 2010, (75 FR 54692) the Department imposed a “statutory debarment” on RMI pursuant to § 127.7 of the ITAR;

WHEREAS, RMI requested the rescission of statutory debarment and reinstatement of export privileges in a letter to the Department dated July 2, 2014;

WHEREAS, the Department reviewed the RMI request, the circumstances surrounding the conviction, RMI’s remedial actions to eliminate the causes resulting in the conviction, RMI’s current policies and procedures for compliance with the ITAR and AECA, consulted with the appropriate U.S. agencies regarding mitigation of law enforcement concerns, and determined that exceptions be granted to allow RMI to engage in the limited ITAR activities outlined in a separate Federal Register notice;

WHEREAS, the Department will monitor and oversee RMI’s application of its ITAR compliance policies and procedures pursuant to this Agreement prior to a final determination regarding RMI’s request for full rescission and reinstatement;

WHEREAS, RMI has reviewed the Agreement, fully understands the document, and enters into this Agreement voluntarily and with full knowledge of its rights;

WHEREAS, RMI agrees that this Agreement will remain in effect for a period of two (2) years, subject to the terms and conditions set forth below; and

WHEREAS, the Department and RMI agree to be bound by this Agreement to be entered by the Assistant Secretary of State for Political-Military Affairs.

Now, WHEREFORE, the Department and RMI agree as follows:

Parties

(1) The Parties to this Agreement are the Department and RMI, and their assignees and successors, and in the event of reorganization or merger, the terms of this agreement will follow and apply to all affected entities or units.

Official Designated for Agreement Oversight

(2) RMI shall appoint its Vice President of Corporate Affairs to serve as the responsible official for the oversight of RMI's responsibilities under the Agreement for its duration (hereinafter "Responsible Official").

(3) The Responsible Official shall ensure that RMI has in place policies and procedures necessary to maintain full compliance with RMI's ITAR-regulated activities, and monitoring, improving, and updating those policies and procedures, as necessary. The Responsible Official shall be the primary point of contact between the Department and RMI for all ITAR-regulated activities conducted during the term of the Agreement. In the event of a reinstatement of RMI's export privileges during the term of this agreement, in accordance with AECA § 38(g), no exports or transfers of ITAR controlled technical data or defense articles shall be conducted by RMI personnel without the knowledge and prior approval of the Responsible Official. Notwithstanding any license or other approval issued by the Department, the Responsible Official shall provide notification to the Office of Defense Trade Controls Compliance ("DTCC") prior to the actual export or transfer, which shall state that the Responsible Official has reviewed and approved the export or transfer.

(4) The Responsible Official shall implement the compliance measures required by this Agreement, or identified by RMI during the term of the Agreement.

(5) The Responsible Official shall provide to the Director, DTCC, and RMI's Chief Executive Officer status reports on AECA and ITAR compliance program enhancements and their effect on or benefit to ensuring AECA and ITAR compliance, six (6) months from the execution of this Agreement, and then semi-annually thereafter. These reports shall also include a description of all activities involving defense articles manufactured by RMI during the period; information regarding the creation, storage, and transfer of technical data by RMI; information regarding RMI's compliance with this Agreement; findings, conclusions, and recommendations necessary to ensure AECA and ITAR compliance; allocation of resources toward AECA and ITAR compliance; and a summary of the recommendations from previous reports.

(6) The Responsible Official shall promote a corporate culture of ITAR awareness and shall ensure that all personnel receive the necessary training relevant to ITAR-regulated activities.

Classification Review

(7) RMI shall review and verify the export control jurisdiction of all items it manufactures within twelve (12) months after the execution of the Agreement. RMI shall submit the review results to the Department in order to confirm its compliance with this requirement. During the term of this Agreement, should the Department publish final amendments to the United States Munitions List after the classification review has been completed, RMI agrees to review the export control jurisdiction of all affected items within six (6) months from the effective date of the amendment.

Audit

(8) One (1) audit will be performed during the term of the Agreement. RMI shall have the audit conducted by an outside counsel or consultant with expertise in AECA and ITAR matters. RMI shall submit its proposed auditor to DTCC and shall not initiate the audit until the Director, DTCC has approved the auditor. The audit shall assess the overall effectiveness of RMI's ITAR compliance program and its implementation of the measures set forth in this Agreement.

(9) Within twelve (12) months after the execution of this Agreement, RMI must submit a draft plan for the audit to the Director, DTCC, for review and approval. Within six (6) months after DTCC approves the plan, the audit shall be completed and a written report submitted to the Director, DTCC, along with RMI's plan on how it will address any recommendations.

Certification

(10) Three (3) months before the Agreement's second anniversary, RMI shall submit to the Director, DTCC a written certification as to whether: (1) RMI has implemented all aspects of this Agreement; (2) RMI's export compliance program has been assessed via an outside audit; and (3) RMI's export compliance program is adequate to identify, prevent, detect, correct and report AECA and ITAR violations. If, at the conclusion of the Agreement's two (2) year term, no certification is submitted, the Agreement may be unilaterally terminated by the Department.

Documents to be Made Public

(11) RMI understands that the Department may make this Agreement, when entered, available to the public.

U.S. Department of State



Tina S. Kaidanow

Assistant Secretary, Acting Bureau of Political-Military Affairs

4/15/16

Date

Rocky Mountain Instrument Company



Steven Hahn

Chief Executive Officer

4/8/16

Date